

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suede G. Kelly.

Southwest Power Pool, Inc.

Docket No. ER99-4392-007

ORDER ON CLARIFICATION

(Issued June 3, 2005)

1. The Commission accepted, as modified, Southwest Power Pool, Inc.'s (SPP) compliance filing proposing that redispatch would occur only if transmission owners or generators agree to provide service.¹ Oklahoma Gas & Electric Company (OG&E) filed a request for clarification, or in the alternative rehearing. The Commission grants clarification that the redispatch requirement does not apply to new requests for non-firm transmission service. This order benefits customers by clarifying SPP's redispatch requirement.

I. Background

2. The SPP regional tariff permits redispatch at the reservation stage to accommodate additional firm reservations with the service price (the SPP tariff embedded cost transmission access charge plus the actual redispatch costs incurred by any SPP transmission provider to accommodate the reservation) capped at a level designed to ensure that total charges do not exceed the total charges the customer would have paid under individual company tariffs.² In its original filing, SPP proposed to modify its redispatch charge to provide for recovery of opportunity costs that arise after redispatch is arranged and to provide that any redispatch costs in excess of the cap and costs for redispatch to avoid curtailment of existing firm services would be recovered through a formula rate that spreads the costs to all load.

¹ *Southwest Power Pool, Inc.* 110 FERC ¶ 61,133 (2005) (February 11 Order).

² *See Southwest Power Pool, Inc.*, 82 FERC ¶ 61,267, *order on reh'g*, 85 FERC ¶ 61,031 (1998).

3. In the December 17 Order, the Commission held that SPP's proposal to recover the average cost of redispatch to avoid curtailment was reasonable, with one exception.³ The Commission found that SPP's proposal could result in additional charges above the cost cap and, thus, effectively remove the cost cap for redispatch costs that the Commission had put in place. Accordingly, the Commission required SPP to remove the proposed additional charges above the redispatch cost cap.

4. In its compliance filing following that order, SPP reinstated the cost cap and only included the redispatch provisions that had been in SPP's previously accepted tariff. SPP stated that since its tariff previously did not require transmission owners to redispatch to accommodate new transmission service requests, SPP proposed that their agreement to redispatch would be based on their acceptance of the tariff provision allowing recovery of redispatch costs. Therefore, SPP modified Attachment K to provide that redispatch would only occur if the transmission owner or generator agreed to provide the service.

5. In the February 11 Order, the Commission stated that under the *pro forma* tariff, transmission owners are required to provide redispatch service as long as the customer agrees to pay for the cost of redispatch. Consequently, in the February 11 Order, SPP was directed to "remove the provision stating that the transmission provider had the option to agree to provide redispatch service, because redispatch is required to accommodate a new transmission service request."⁴

II. Request for Clarification

6. OG&E requests that the Commission clarify that the redispatch requirement does not apply to non-firm transmission service requests. OG&E argues that requiring SPP to apply its redispatch provision to non-firm transmission requests is contrary to Commission policy and would require additional findings by the Commission and changes to SPP's tariff.

7. The Commission grants OG&E's request for clarification. Consistent with Commission policy and SPP's tariff, the redispatch requirement only applies to new service requests for firm transmission service, and does not apply to new service requests for non-firm transmission service.

³ *Southwest Power Pool, Inc.*, 89 FERC ¶ 61,284 (1999) (December 17 Order), *order on reh'g*, 98 FERC ¶ 61,038 (2002) (January 17 Order).

⁴ December 17 Order at P 18.

The Commission orders:

OG&E's request for clarification is hereby granted as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.